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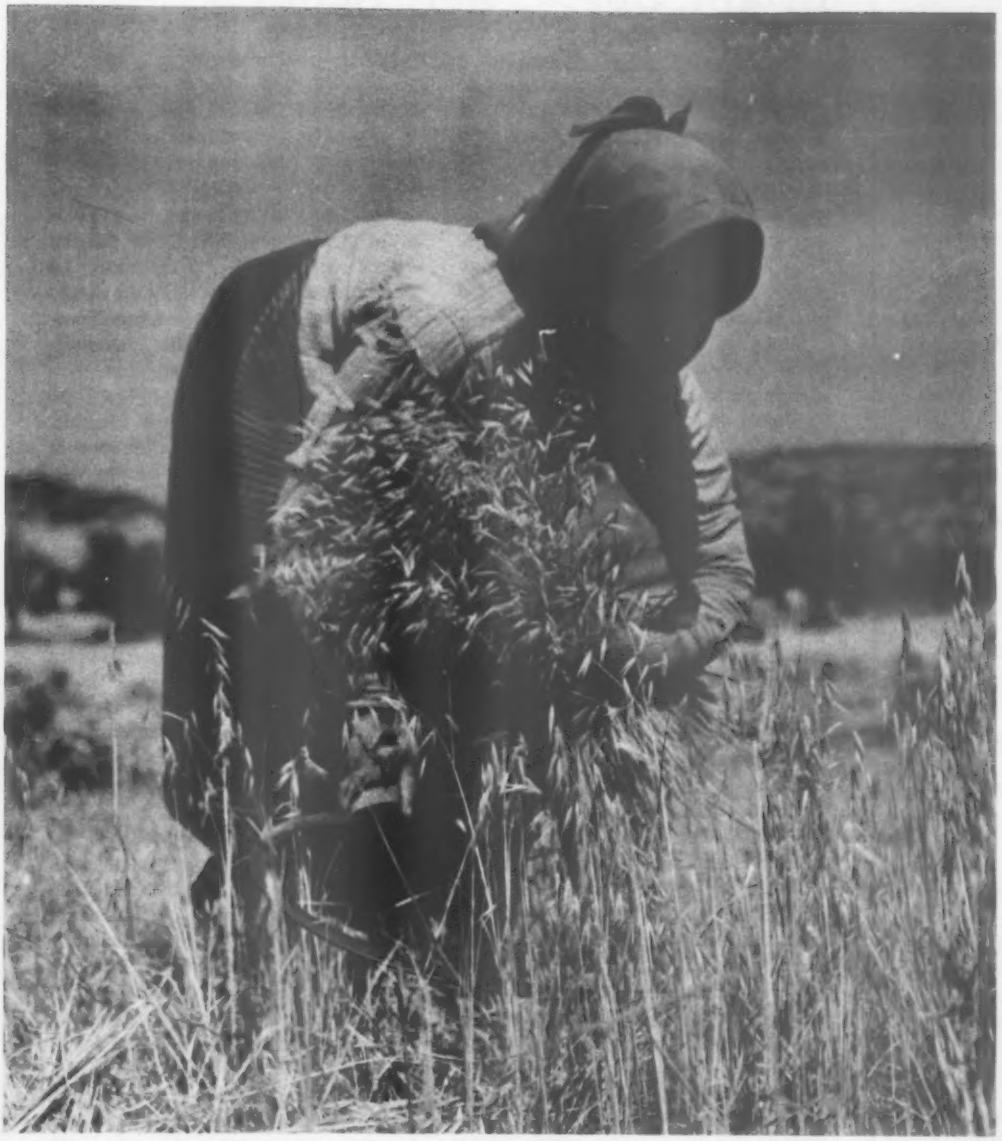

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World Grain Outlook Good for 1974-75

Foreign Agricultural Service
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This week's cover:

Oats are gathered by Greek woman. Farmers held grains off the market last year because of fixed retail and low Government procurement prices, which held down producer profits. As a result, Greece's imports of grain in the 1973-74 season were sharply higher. See article on page 4.

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World Grain Outlook for 1974-75 Bright, Stocks May Recover

RESPONDING TO rising world demand and strong price incentives, the world's output of grains in fiscal 1975 could approach a billion metric tons for the first time in history, rising 31 million tons over this fiscal year's outturn. Thus, world grain stocks could recover moderately—but holdings would still be well below the high levels of 1971-72.

Similarly, world trade in grains is likely to remain very high, perhaps slightly ahead of fiscal 1974. Shipments from grain-exporting countries that compete with the United States are projected to rise by about 8 or 9 million tons—with the result that U.S. grain exports could decline somewhat.

Underlying the higher 1974-75 world production—projected to total 996.8 million tons—is an expected 15-million-acre surge in U.S. grain area next year. Competing exporting countries and other regions are likely to boost plantings as well, and yields will continue to trend upward.

One offsetting factor is likely to be a decline in the Soviet Union's grain production in 1974-75, since the very high yields obtained in 1973 will be difficult to sustain. U.S. production is projected to gain by 35.3 million tons, while Soviet output is projected at 17.3 million tons below 1973's. Excluding the United States and the USSR, other countries could boost grain output 13.3 million tons above 1973's crops which were 27.2 million tons higher than the previous year.

Stocks of grains in the major exporting countries—projected at about 111 million tons by June 30, 1974—could mount by roughly 26 million tons by the end of fiscal 1975, provided yields and consumption follow recent trends.

World grain yield fluctuations indicate possibly a one chance in six that the world's grain output will fall below the projected level by more than 18 million tons. At this level, major exporting countries' stocks would be just slightly better than at the end of fiscal 1974.

Above-normal yields, on the other hand, could add substantially to world supplies. Again, there is a one-in-six chance that bumper yields could push ending stocks in the main exporting countries to a level approaching the near-record amount of year-end fiscal 1972.

But some factors other than yields could affect the world's supply-demand balance in 1974-75. A slowdown in grain consumption, especially for animal feeds, might result from dampened economic growth rates or from continued, unusually-high world grain prices.

If consumption gains in 1974-75 are adversely affected by these factors, stocks in major exporters could recover roughly four-fifths of the decline that occurred in fiscal years 1974 and 1975. Above-trend advances in yields could push stocks even higher.

A less measurable possibility is the effect of fertilizer and fuel shortages on global grain production. Since a 1-percent reduction in world grain output represents about 10 million tons, any downturn beyond 2 or 3 percent could extend the extraordinarily tight supply situation of fiscal 1974.

Conversely, if yields are normal or above-normal and if world prices ease somewhat, importing countries could move to build stocks to unusually high levels—especially if they feel that fiscal 1976 could again bring a tight market situation. If this happens, world trade will be higher and stock buildup in major exporting countries lower than projected.

Wheat. Led by the United States, production of wheat worldwide is projected to expand by about 2 percent in 1974. The 375-million-ton output projected would be almost 8 million tons ahead of 1973. Of the increase, the United States alone could account for 9.8 million tons. For the Soviet Union, where a second successive year of outstanding yields is unlikely a production decline of about 10 million tons is projected.

Crops in all other wheat-producing countries could yield 218.8 million tons, compared with 210.7 in 1973. Canada and Australia are likely to be forerunners, and small rises in grain area are expected. In Western Europe, winter wheat plantings reportedly have in-

creased by nearly 3 percent.

World consumption needs for wheat may show an unusually small increase to total 365.5 million tons in fiscal 1975. The gap between world wheat and coarse grain prices, which emerged in late 1972-73, appears likely to remain wider than normal, at least into the early part of 1974-75. Consequently, wheat use in animal feeds is likely to continue lower than usual. Wheat usage may also fall below normal in some developing countries, since sharply higher wheat prices have boosted retail prices of flour, bread, and other wheat products.

Nevertheless, world wheat imports for fiscal 1975 are projected to decline only slightly from this year's. With normal crop conditions in 1974, USSR imports are likely to ease below this year's by about 2 million tons. A minimal drop can also be expected in Western Europe, where imports were relatively high in fiscal 1974 because of a poor crop outturn in Italy.

Improved crops are expected in North Africa and the Mideast, diminishing import needs there. But these declines seem likely to be largely offset by increased imports elsewhere. In India, wheat crop prospects are less favorable than previously, pointing to larger imports in fiscal 1975.

U.S. exports of wheat and wheat flour are expected to decline by about 5.5 million tons in fiscal 1975, from this year's expected 32.4 million tons. Including wheat products, U.S. export levels in fiscal 1975 could total 1 billion bushels. Lower U.S. exports reflect the 0.4-million-ton drop in world import volume, as well as the 5.1-million-ton upturn in shipments by other exporters.

Australia, for example, is likely to come back into the export market strongly, recovering from an abnormally poor crop and low export supplies that severely limited shipments during the first half of fiscal 1974. Although Canada's crop could zoom by over 2 million tons, exports are projected to gain by only a million tons, to allow recovery of reserve stocks.

Other exporters could increase shipments marginally, including the USSR, where exports may rebound to levels prior to the disastrous 1972 crop. As a result, total world wheat trade, excluding U.S. shipments, is now estimated at about 44.8 million tons.

Production gains, considered with smaller consumption advances, could lead to an appreciable increase in world wheat stocks by the end of fiscal 1975. Some of this buildup would occur in importing countries, where stocks are being sharply drawn down this season.

In the United States, projected trade and production levels would raise carryover stocks by 8.5 million tons above the expected June 30, 1974, level. Stocks in Canada, Australia, and Argentina combined, could swell by 2.6 million tons.

"Shipments from grain-exporting countries that compete with the United States are projected to rise (in fiscal 1975)... with the result that U.S. grain exports could decline somewhat."

Thus, world wheat stocks by the end of June 30, 1975, could total 33.8 million tons, a 50-percent gain above this year's level and about 17 percent higher than year-end fiscal 1973. Still, this is considerably below the levels of earlier years.

Feedgrains. Probable changes in planted area, together with normal crop conditions, would push the world's feedgrain output in fiscal 1975 to about 622 million tons—23 million above 1973. U.S. production is expected to account for virtually all of the gain, with feedgrain acreage expanding by nearly 5 million acres, and output expected to exceed 212 million tons.

Although yields will improve everywhere, these are likely to be offset by a cutback in planted area among competitor countries and by lower output in the USSR, where yields are likely to dip below last year's.

Consumption of feedgrains is likely to continue expanding in fiscal 1975 to a projected 605 million tons, a rise of 2 percent, assuming past grain consumption patterns continue. Further expansion in livestock feeding, particularly of pork and poultry, is forecast for the enlarged European Community (EC) and Japan. Total grain use in the EC is expected to increase by about 2.5 million tons. Japanese grain use will likely be about 1 million tons above fiscal 1974's.

These production and consumption levels would allow world feedgrain stocks in fiscal 1975 to build by an estimated 15.3 million tons, with nearly all of the increase occurring in the United States.

If world crop conditions depart significantly from normal, the change will trigger a higher or lower buildup of U.S. stocks. Similarly, any slowdown in growth of animal feeding—if meat demand slows in foreign countries, for example—would be reflected in a larger buildup in U.S. stocks of feedgrains.

Barring a significant slowdown in animal feeding rates abroad, world feedgrain import demand in fiscal 1975 is likely to increase to about 71.9 million tons. Japan and both Eastern and Western Europe are likely to increase imports, but these could be offset by lower levels for the USSR, People's Republic of China, and other areas. Intra-EC trade will probably remain large at around 9 million tons.

Exports by major exporting countries that compete with the United States should reach nearly 20 million tons—2.5 million more than this year. The excellent Southern Hemisphere crops currently being harvested will mean record export availability of feedgrains from those areas, particularly from South Africa and Argentina. Thus, U.S. feedgrain exports in fiscal 1975 are projected at 37.7 million tons, down nearly 2 million from this year's expected level.

Greece's Farm Import Needs Rise Sharply in 1973-74

By JAMES LOPES
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MANY GREEK FARMERS were hard hit last year by Government policies aimed at curbing rising food costs and controlling inflation.

Greek farmers—caught in a squeeze between fixed retail prices, higher producer costs, and low Government buying prices—tended to hold their grains, olive oil, and other produce off the market in 1973—forcing the Government to increase imports of needed farm goods.

To ease pressures on farmers, the Government sharply increased buying prices for grains in October 1973, and allowed some retail prices to rise by as much as a fourh. The new buying prices appear to be attractive enough to motivate farmers to deliver the 1973 grain harvest, and possibly encourage greater grain output in 1974.

Nevertheless, Greece's grain import requirements for 1973-74 have rocketed to an alltime high, with most slated to come from the United States. Net grain imports are expected to reach 1.2 million tons—nearly three times the level of the previous year—but could decline to 1 million tons in 1974-75. Imports last season totaled 341,000 tons from 173,000 tons in 1970-71 and 67,000 in 1971-72.

More than three-fourths of Greece's grain imports in 1973-74 are likely to be corn. Imports could total 850,000 tons and, according to some estimates, could go as high as 1.15 million tons. This will be at least two and a half times above 1972-73 import levels.

Wheat imports in 1973-74 are estimated at 240,000 tons, to be purchased from the United States, South Africa, and Bulgaria. A comparable amount is likely to be needed in 1974-75. Purchases in 1973-74 could also include 150,000 tons of barley.

Government grain policies were a primary cause of the record high imports this season, since virtually all grain is marketed through the Government. Until late 1973, wheat prices paid by the Government were about half those paid for imported wheat. Domestic corn and barley prices were also much lower than those paid for imported grains.

As farmers held grain off the market in hopes of better prices, deliveries to the collection program tumbled. Through November 3, 1973, wheat deliveries were only 31,726 tons, compared with 190,000 tons delivered by the same date a year earlier. Barley deliveries were 55,182 tons, compared with 279,000 tons delivered a year earlier.

Greek farmers' hopes for better prices for the 1973 grains were temporarily crushed in September when the Government—ostensibly to hold food prices down—allowed only a marginal increase in the price paid for wheat. Prices for other grains remained basically unchanged. Also, farmers holding on to their 1973 grain crops were required to pay outstanding loans to the Agricultural Bank immediately.

In mid-October, however, sharp increases in Government buying prices for grains were announced. Prices for wheat were raised 56-66 percent, for corn and barley 43-54 percent, rice by 40-52 percent, and pulses 75-100 percent. Shortly thereafter, the Government authorized price increases for a variety of foods, such as livestock and dairy products, still under price controls. For example, retail prices of fresh veal were allowed to rise 18 percent; fresh pork, 26 percent; fresh poultry, 4 percent; eggs, 14 percent; and milk, 12 percent.

Initial public reaction was generally favorable, but criticisms were also forthcoming.

Predictably, consumers were displeased with the sudden rises in retail food costs. Some believe that price increases for farm products will raise the cost of living yet are too low to provide incentives for higher production.

In the livestock sector, higher feed prices may slow livestock production, which has not kept pace with much more rapid increases in demand. In spite of higher retail prices set for meat, Greek livestock and poultry producers still feel that higher production costs will reduce profit margins, even though the Government has continued the sale of corn and barley to feeders at subsidized prices.

The dominant problem in the livestock sector is the growing imbalance between demand for and production of livestock products. Total red meat consumption has more than doubled since

Angus breeding stock, above, imported from the United States, will help to boost Greek livestock output, which is running well below meat demand. Students are instructed in good farming practices, right, and will participate in their country's efforts to achieve agricultural goals.

1960 to a total of 350,000 tons in 1972. This represents an average annual increase of nearly 7 percent. Total red meat consumption, which now stands at 41 kg. a person, including 16 kg. of beef and veal, is approaching the Italian level.

Red meat production has also increased but at a much slower rate. In 1972, red meat production totaled 255,000 tons—roughly 115,000 more than in 1960, or an average increase of about 5 percent. Much of the increase is attributable to beef and veal which rose from 30,000 tons in 1960 to 91,000 tons in 1972. However, the increase in beef and veal has been partly achieved at the expense of cattle numbers, which have declined considerably, and in 1972 stood at slightly less than 1 million head compared with 1.2 million head in the early 1960's.

Consequently, Greek authorities have been forced to turn to imports of livestock products to meet growing consumer demands. During 1970-72, import of live animals, meat, and dairy products amounted annually to nearly $130 million. Imports of beef alone in 1973 are expected to have exceeded $100 million, a more than 30 percent increase over prior years.

WITH RISING PRICES of imported feeds, the question of adjusting meat prices to make livestock rearing an attractive business has now become a matter of paramount importance. There is considerable concern in Greece about Greece's dependence on foreign suppliers for feeds and livestock products, especially under current world market conditions. In 1971 and 1972, Greece had to allocate an average of $170 million a year in foreign exchange to imports of feed and livestock.

Rising costs of farm inputs, especially of labor, are also a serious concern to Greek farmers. Wages have risen 50 percent or more within a year in many areas, due largely to higher living standards and the rapid farmer exodus to more attractive industrial jobs. In Western Macedonia, migrant workers from Thrace are receiving roughly $6 a day, compared with about $4 last year.

The labor cost of handpicking cotton in 1973 is expected to absorb half of the price growers received for their crops. As a result, cotton growing and production of other crops, such as olives, are becoming less attractive to farmers.

A new 5-year plan released by the Government last July promises to benefit Greek agriculture. The average annual growth envisaged under the plan is 3.5 percent a year in the agricultural sector as a whole, with the livestock sector expected to grow at an annual rate of 10 percent. The Government has announced plans to spend almost $1 billion [1] during the 5-year period in an effort to achieve self-sufficiency in agricultural production.

The plan calls for self-sufficiency in most livestock products by 1977 and continues the encouragement that has recently been given to poultry, pork, and dairy production. By 1977, Greece is expected to produce about 550,000 tons of all types of meats, or 70 percent more than in 1971. To realize the objectives, however, production advances must surpass the growth rates of recent years, say some officials.

The plan calls for a substantial increase in corn production—up to 800,000 tons in 1977, rising to a possible 1.6 million tons in 1985. Even so, Greece is expected to continue to be deficit in feedgrains.

Corn output through 1977 is likely to continue expanding at rates seen in recent years. The use of new hybrid varieties and expansion of irrigated area should combine to boost yields. Yields, which averaged 61 bushels an acre in 1973, could rise to 64 bushels an acre in 1977, and could easily go higher.

Corn area is expected to climb to 494,000 acres by 1977, compared with the 413,000 acres planted in 1973. Acreage may not rise to meet planned goals, however, because of the plan's policy of supporting so-called dynamic crops, such as sugarbeets, fruits and vegetables, cotton, and tobacco, which will be grown on irrigated land.

Officials feel that consumption of coarse grains, particularly corn, will continue to expand rapidly. In 1973-74, Greece's utilization of coarse grains is estimated at 2.5 million tons, including 1.44 million tons of corn. This represents a 54-percent increase in coarse grain utilization in just 3 years.

If the government plans for greater self-sufficiency in livestock products are to be realized, total utilization of coarse grains will continue to increase rapidly.

THE POSSIBLE deficit by 1977 can be estimated by projecting consumption trends. Based on recent trends—1.44 million tons in 1973, compared with 750,000 tons in 1970—total utilization of corn would exceed 2 million tons by 1977. This would mean a deficit of slightly more than 1 million tons that would have to be met through imports.

The livestock expansion program, plus improved production practices, suggest that mixed feed utilization will grow. Total capacity of major mixed feed manufacturers is estimated at 1,400 tons daily. An additional 300 tons daily is produced by smaller plants. Some officials believe that mixed feed production will nearly double before the end of the 1970 decade.

Greece was expected to start crushing soybeans in Jan. 1974. According to one of the owners of the new soybean crushing plant, the firm will process between 50,000 and 100,000 tons of soybeans in 1974, against a total capacity of 200,000 tons.

[1] **Of this figure, $800 million has been earmarked for land reclamation and irrigation.**

GREECE: GRAIN AND LIVESTOCK PRODUCTION AND GOALS OF 5-YEAR PLAN
[In 1,000 metric tons]

Item	1971 [1]	1977	1985
Livestock:			
Poultry	73	130-150	(2)
Pork	66	120-145	(2)
Beef and veal	89	115-135	(2)
Mutton, lamb, and goat	93	118-156	(2)
Rabbit	3	4- 12	(2)
Total	324	487-598	(2)
Grains:			
Wheat	1,930	2,100	1,400
Corn	585	800	1,580
Barley and oats	907	1,500	1,340
Other	(2)	(2)	80

[1] From official Greek data. [2] Not available.

Generally Lower World Food Prices Reported

WORLD RETAIL FOOD prices reported in early March by U.S. Agricultural Attachés were generally lower than in mid-January. The new survey showed 73 prices increases, 92 declines, and 50 prices unchanged. Seasonal price drops accounted for many of the lower prices, and a reversal of the recent price uptrend cannot be verified.

London, The Hague, and Washington showed the greatest number of price declines, while Canberra and Ottawa showed the greatest advances. Fruit, vegetables, pork, and eggs headed the list of lower-priced commodities, but gains outnumbered declines for bread, cheese, and broilers.

There were individual examples of price increases due to the world energy situation, but no widespread or general trend. Japanese broiler prices were up, reportedly as a result of increasing feed and transportation costs. Tomato prices in Japan jumped 14 percent, reflecting the increased cost of plastic film and heating fuel for hothouses.

There are some indications that the effect or higher energy prices may be more widespread by early summer.

Egg prices in most European countries dipped as increased supplies met lagging consumer demand—an untraditional extension of the traditional postholiday slump. London reported egg prices down 18 percent from January, and credits the mild winter for the earlier-than-normal price slump. Indications are that European layer numbers are increasing. This could mean still lower prices if consumer demand does not recover. Rome, on the other hand, reported egg prices up 16 percent, reflecting layer cutbacks in mid-1973 due to high feed prices.

Supplies of pork were reported to be larger in many markets, and indications are that beef at the retail level may also become more plentiful in the next few months.

Apples and oranges were lower in most markets with oversupply conditions reported in Europe and adequate supplies reported elsewhere.

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

Country	Latest month	Index 1963=100	Percent change from Previous month	Three months	One year
United States	Jan.	168.5	+1.57	+3.56	+19.50
Canada	Jan.	165.6	+1.10	+2.54	+16.05
Japan	Jan.	213.0	[1]	+8.24	+23.48
United Kingdom	Jan.	206.8	+2.94	+5.62	+20.09
Denmark	Nov.	216.0	− .92	+1.89	+14.29
Germany	Feb.	137.8	+ .29	+2.23	+ 5.27
Italy	Dec.	160.4	+1.39	+2.56	+12.25
Belgium	Dec.	173.9	+ .87	+2.60	+13.96
Netherlands	Jan.	172.5	+1.17	+2.74	+ 7.88
France	Jan.	[2] 133.7	+1.29	+2.53	+12.16

[1] Not available. [2] 1970=100.

RETAIL FOOD PRICES IN SELECTED CITIES, MARCH 6
[In U.S. dollars per pound, converted at current exchange rates]

City	Steak, boneless sirloin	Roast, boneless chuck	Pork chops	Ham, canned	Bacon, sliced, pkged.	Cheese (Cheddar, Edam or Gouda)	Butter
Bonn	3.91	2.18	2.19	2.06	2.86	1.38	1.28
Brasilia	1.16	.78	1.37	2.53	2.24	7.66	.83
Brussels	2.91	1.62	1.67	3.14	1.33	1.16	1.26
Buenos Aires	.69	.37	.42	2.11	1.09	.92	.78
Canberra	2.45	1.39	1.63	2.45	2.09	1.24	.87
Copenhagen	3.53	1.43	1.86	1.98	2.00	1.29	1.09
London	2.28	1.19	1.19	1.43	1.72	.74	.49
Ottawa	1.98	1.22	1.53	1.82	1.12	1.26	.77
Paris	2.41	1.36	1.62	[1]	[1]	1.26	1.30
Rome	2.34	1.96	1.68	[1]	1.53	1.01	1.37
Stockholm	3.94	2.25	2.03	2.33	1.76	1.60	1.07
The Hague	[1]	1.99	1.76	1.77	2.75	1.27	1.17
Tokyo	10.31	3.65	2.22	3.22	4.12	1.32	1.48
Washington, D.C.	2.29	1.59	1.28	1.71	1.06	1.49	.85
Median	2.41	1.51	1.65	2.09	1.76	1.27	1.08

City	Broilers, whole	Eggs, doz.	Tomatoes	Onions, yellow	Apples	Oranges (doz.)	Bread, white, pkged.
Bonn	0.76	1.08	0.61	0.26	0.21	0.48	0.48
Brasilia	.56	.72	.32	.19	1.00	.48	.54
Brussels	.93	1.16	.84	.18	.24	1.04	.21
Buenos Aires	.48	.63	.11	.04	.13	.25	.22
Canberra	.99	1.19	.48	.33	1.06	1.24	.34
Copenhagen	1.04	1.22	.94	.28	.36	1.62	.43
London	.45	.83	.58	.13	.20	1.07	.19
Ottawa	.75	.90	.46	.18	.34	1.52	.25
Paris	.83	1.14	.75	.22	.23	.81	.50
Rome	[1]	1.11	.42	.21	.17	.95	.31
Stockholm	1.36	1.33	1.15	.41	.25	.92	.64
The Hague	.73	1.01	.65	.16	[1]	.86	.16
Tokyo	1.43	.94	.48	.35	.31	.69	.40
Washington, D.C.	.54	.76	.59	.24	.32	.80	.24
Median	.76	1.05	.59	.22	.25	.89	.33

[1] Not available.
NOTE: Items may vary by quantity and type. Different marketing practices may distort some prices.

Australia's Sugar Exports Spiral As ISA Frees Reserve Stocks

By FRED M. LEGE III
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THE LAPSE OF ECONOMIC restrictions under the International Sugar Agreement (ISA) has brought new markets and profits to Australia's sugar industry. With raw sugar production in 1972 at an alltime high, export levels shot up to over 2.1 million tons during the last marketing season (May 1972-April 1973). Production during the 1973 season looked good, but wet weather reduced sugar content to cause output to drop from an anticipated record to only 2.6 million tons. (All tons are metric.)

As of January 1, 1974, economic restrictions (in the form of quotas or price limits) on Australian sugar exports were lifted when member countries failed to agree on certain clauses of the ISA. If the world supply-demand situation for sugar continues to favor suppliers and the high world price stabilizes, this failure may bring short-term income gains to Australia's sugar industry in 1974.

The release of mandatory reserve stocks held under the ISA fostered Australia's record raw sugar exports during the 1972 season. Increased supplies and high demand opened new markets, and, for the first time, Australia sold sugar to Algeria, Chile, People's Republic of China (PRC), Morocco, Tunisia, and the USSR. At the same time, Australia met other supply commitments—to the United Kingdom under the Commonwealth Sugar Agreement, to the United States under the United States Sugar Act, and to long-established customers under the ISA. such as Canada, Japan, and New Zealand.

During marketing year May 1972-April 1973, Canada, Japan, and the United Kingdom were the major markets for Australian sugar. Early shipments the first half of 1972 pulled sugar exports to the United States below quota for the 1972-73 marketing year. Of the 37.157 tons exported to the PRC, 6,250 tons were bagged sugar. South Korea took its first bulk sugar in 1973.

Singapore and Malaysia also entered Australia's sugar market following negotiations of long-term supply agreements in late 1972 by the Colonial Sugar Refining Company, which acts as marketing agent for the Australian Sugar Board. Contracts cover a 5-year period to 1977, but provide for an extension beyond 1977.

For the current marketing year Japan, Canada, and the United Kingdom should remain Australia's major sugar markets, although exports to newly developed markets are expected to rise.

Marketing year 1973-74 calls for a continued high level of exports. With current high price levels there are no restrictions on shipments, and stocks—about 60,000 tons below normal as of May 1973—will probably be held at minimal levels.

Higher export prices pushed the average price of Australia's raw sugar during the 1972 season to US$155.94 per ton, compared with US$129.11 for the 1971 season. These prices take into account the repayment of Australian Government loans from the 1966 and 1967 seasons when export prices were depressed. Total income for the raw sugar industry was about US$432 million for the 1972 season, about US$34 million higher than the 1971 season.

RAW SUGAR: AUSTRALIAN EXPORTS BY COUNTRY OF DESTINATION, 1972-73 MARKETING YEAR (MAY-APRIL)
[In metric tons]

Country of destination	May-April 1972-73
Algeria	23,810
Belgium	12,712
Canada	405,587
Chile	19,327
China, People's Republic of	37,157
Finland	36,926
Japan	588,337
Korea, South	17,971
Malaysia	114,600
Morocco	22,247
New Zealand	101,224
Singapore	78,928
Tunisia	13,043
United Kingdom	403,672
United States	174,268
USSR	80,483
Other (mainly Oceania inc. refined)	10,222
Total	2,140,514

The ISA Daily Price—expressed in terms of U.S. cents per pound, basis f.o.b. and stowed Caribbean port—customarily denotes the world free market price for raw sugar. In calendar 1972, the ISA Daily Price averaged 7.27 U.S. cents per pound, compared with 4.50 U.S. cents per pound in 1971; 3.68 U.S. cents in 1970; and 3.20 U.S. cents in 1969, the first year of operation of the current ISA. During January-May 1973, the ISA Daily Price averaged 9.10 U.S. cents per pound.

Japan, Canada, New Zealand, and other member importing countries of the ISA were largely protected from the full impact of higher prices by ISA "supply commitment" provisions, which entitle importing members to obtain traditional imports from exporting members at a ceiling supply commitment price, or 6.50 U.S. cents per pound as negotiated in 1968 under the ISA. International currency adjustments pushed this rate to 7.60 U.S. cents per pound for March 1973. During most of 1972 and as of October 1973, the supply commitment price was lower than the ISA Daily Price.

Weather conditions, disease control, and improved strains contributed to Australia's 1972 record raw sugar output of 2,868,800 tons, up 6 percent from the previous season. Based on preliminary data production during the 1973 season amounted to 2.6 million tons, compared with 2.9 million tons the previous season. Harvesting got off to a late start, and wet conditions reduced sugar content during the 1973 season.

Acreage limitations for the 1974 season have been lifted, and now growers may harvest 100 percent of their cane acreage. Previously, in order to encourage recommended rotational practices, growers were permitted to plant only 85 percent of their acreage. Assuming that most producers will take advantage of the additional allocation, the 1974 crop could yield as much as 3 million tons of raw sugar if favorable conditions continue.

Although all Australian sugar mills were operating in October 1973, delays due to heavy rains at the start and end of the season caused mills to continue crushing until January 29, 1974, rather

Mechanization speeds harvesting in a Queensland sugarcane field.

than shutting down as usual at the end of December. Waterlogged plantations impeded machine harvesting and made it difficult to burn cane for harvest. In some areas efforts were made to engage manual cutters, but due to the large proportion of crop harvested mechanically in recent years, cane cutters are now hard to find.

The only area to escape the adverse weather at the beginning of the season was the Lower Burdekin district in Queensland, where the area's four mills crushed a record 137,738 tons of cane during the first week of August 1973, compared with 117,752 tons for the same 1972 period. Moreover, this production level was maintained during the second week of August. and in the third week the Burdekin mills hit another new high, crushing a combined weekly total of 142,299 tons of cane.

Of the 18,617,000 long tons of cane crushed during the 1972 season, 17,801,000 tons were delivered in Queensland, and 816,000 tons in New South Wales. The total area of sugar cane harvested for crushing was 597,233 acres, with 574,100 acres harvested in Queensland, and 23,132 acres in New South Wales.

With total per capita consumption expected to stay at the current level, Australia's steady average population expansion of 1.9 percent per year has become the major growth factor in its domestic sugar market. Consequently, the domestic market uptake of raw sugar should increase at about the same rate over the next few years.

On a per capita basis, domestic consumption of raw sugar has been relatively static, estimated at 725,000 tons for marketing year 1972-73. In fact, direct sugar consumption has been declining, but was more than offset in 1972-73 by increased use in manufactured products, now about 70 percent of domestic sugar usage. This also occurred in 1970-71 when a record domestic raw sugar uptake of 734,000 tons coincided with a record canned fruit pack for the same period.

As THE UPTREND in processing use, and decline in direct human consumption of sugar continue, the only factor that could materially influence the domestic situation for sugar, especially in the brewing industry, is competition from wheat industry products, such as glucose, starch, and low-protein flour. Current wheat prices, however, make this unlikely.

Sales of bulk granulated and liquid sugar are rising sharply. Doubling over the past 5 years, bulk sales are expected to grow at an accelerated pace as manufacturers modernize plants and take advantage of the cost savings from bulk sugar handling.

During fiscal 1971-72 Australia produced 671,000 tons refined granulated sugar and 28,500 tons icing sugar. Final data are not yet available, but output rose slightly in fiscal 1972-73. Major manufacturing consumers are the baking industry, taking about 49,000 tons of refined granulated sugar a year; the fruit processing industry, 80,000 tons; the soft drink industry, 70,000 tons; and the brewing industry, 50,000 tons.

Molasses production for the 1972 season amounted to 512,380 tons, a new high corresponding to the record tons of cane cut.

A new product, Powda Molas, is the result of the development of a method of dehydrating molasses by a Brisbane firm. This product saves the cost of drums, drum cleaning costs of raw molasses, and gives a 28-percent moisture reduction.

World Sunflower Output Scores New Record in 1973

By MARY E. HUTCHISON
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WORLD SUNFLOWERSEED producers, led by the Soviet Union, pushed to a new record in 1973, with an output 27 percent above that of the previous year. Production in 1974—reflecting a lower planned output in the USSR—is not expected to repeat the 1973 upthrust.

World sunflower oil exports in 1974—as a result of the USSR's 1973 bumper crop—are expected to surpass the 61,000-ton trendline increase made each year since 1960. Exports of sunflowerseed and meal continue to be negligible—though moving up—because most of the production is consumed domestically. (All tons are metric.)

Last year's record output of 11.4 million tons of seed should yield about 4.5 million tons of sunflowerseed oil and 4.2 million tons of meal—assuming average annual extraction rates and crushing availabilities.

Compared with soybean oil, sunflower oil—a highly unsaturated oil used as salad or cooking oil and in hydrogenated margarine or shortening mixtures—normally brings a premium price on world markets. In January 1974, sunflower oil prices hit $787 per ton, ex-tank Rotterdam, to double the average price of $325 per ton a year earlier. Although this sharp gain reflects a tight supply situation, it is significant that during the same period the price of sunflower oil over soybean oil rose from $80 to $125 per ton.

But the current substantial gains being made by sunflower and its product output are not expected to have as great an impact on world vegetable oil prices as in 1968 and 1969, when sunflowerseed and sunflower oil represented 23 percent of world vegetable oil exports. In 1973 they accounted for only 10 percent, and the 1974 forecast is for 11 percent.

The USSR had the biggest production increase of the major producers in 1973. Its total output of 6.7 million tons was 2.1 million tons above that of 1972. The meal that could be produced from the increase alone is equal to the protein of 33.2 million bushels of soybeans.

Acreage planted to sunflowers in the USSR last year was also up—to 11.5 million acres. This represent a 6 percent or 632,000-acre increase over 1972's acreage. Soviet yields were 37 percent higher in 1973, rising by 351 pounds per acre from a below-normal level in 1972 due to dry conditions.

In Argentina, 900,000 tons of sunflowerseed were produced in 1973—72,000 tons above 1972's output. Acreage was up 4 percent, with slightly lower yields per acre. Recent reports place Argentina's 1974 plantings at 15 percent below last year's, reflecting wet planting conditions and a shift to the cultivation of alternate crops.

Another major producer, Romania, reported a sunflowerseed output of about 875,000 tons in 1973, about 3 percent more than in 1972. The 440,000-ton crop anticipated for Bulgaria in 1973 represents an 11 percent decline from a year earlier.

With the highest yields per acre of any sunflower-producing country, Yugoslavia achieved the greatest percentage increase in production in 1973—55 percent above the 1972 season to total 433,000 tons.

Dry weather in Turkey during the 1973 growing season pulled sunflower production there down to 510,000 tons, 50,000 tons below 1972's outturn. Spain produced about the same amount of sunflower in 1973 as in 1972, or 240,000 tons.

In the United States, 8 percent more sunflower acreage was planted in 1973 and yields were 13 percent higher than in 1972. This pushed last year's U.S. crop to 350,000 tons—22 percent, or 63,000 tons, above 1972's crop.

World sunflowerseed production during the years from 1960 to 1972 trended upwards by 183,000 tons annually. The long-term outlook calls for continued production increases—especially in the USSR and in East European countries where high yields per acre have been achieved.

Major exporters of sunflower oil are the USSR, Romania, and Argentina. Soviet exports in 1974 however, will probably not be as large proportionally as the production increase, reflecting both a need to rebuild sunflower oil stocks—down as a result of poor crops the previous 2 years—and decreased availabilities of imported butter for domestic consumption.

Continued on page 16

ACREAGE, YIELD, AND PRODUCTION OF PRINCIPAL SUNFLOWERSEED PRODUCERS, 1970-1973

Country	Area				Yield				Production			
	1970	1971	1972	1973 [1]	1970	1971	1972	1973 [1]	1970	1971	1972	1973 [1]
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*Pounds per acre*	*Pounds per acre*	*Pounds per acre*	*Pounds per acre*	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*
USSR	11,834	11,120	10,858	11,490	1,053	1,031	943	1,294	5,652	5,200	4,646	6,753
Argentina	3,328	3,246	3,179	3,306	755	564	482	462	1,140	830	828	900
Romania	1,493	1,355	1,368	[2]	1,136	1,287	1,380	[2]	770	791	850	875
Bulgaria	741	730	730	[2]	1,211	1,373	1,457	[2]	407	455	483	440
Yugoslavia	479	452	427	531	1,215	1,692	1,430	1,779	264	347	277	433
Turkey	890	1,223	1,285	[2]	929	1,047	1,130	[2]	375	465	560	510
Spain	383	544	544	[2]	923	1,037	983	[2]	160	256	243	240
United States	207	392	692	745	902	1,040	916	1,034	85	185	287	350
Others	1,604	2,224	2,737	[2]	748	747	899	[2]	544	754	862	871
World Total	20,959	21,286	21,820	22,802	—	—	—	—	9,397	9,283	9,036	11,372

[1] Preliminary. [2] Not available.

Growth of U.S. Tobacco Exports Linked to Removal of Barriers

By DAN STEVENS
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THE U.S. leaf tobacco industry's fight for a fair share of world markets is focusing new attention on an old problem in international trade: Nontariff barriers.

For centuries, nontariff barriers (defined as any government measure—other than customs duties—that impedes the free flow of goods in international trade) have been employed by governments to protect domestic industries and/or to limit demand on foreign exchange.

The increasing significance of nontariff barriers—not only in tobacco trade but in all commodities as well—is reflected in the Tokyo Declaration that marked the opening last fall of the current round of negotiations conducted under the sponsorship of the General Agreement on Tariffs and Trade (GATT).

The Tokyo Declaration, adopted September 14, 1973, states that one of the primary objectives of the discussions is to "reduce or eliminate nontariff measures, or, where this is not appropriate, to reduce or eliminate their trade-restricting or distorting effect and to bring such measures under more effective international discipline."

This position clearly is a distinct departure from the subject of previous GATT negotiations, which dealt almost entirely with tariffs.

In addition to the GATT deliberations on nontariff barriers, the U.S. Congress now is considering legislation to put the Congress on record as favoring negotiation and agreement on nontariff barriers. The bill provides for a new procedure under which the President can implement agreements on nontariff barriers if they are not rejected by either the Senate or the House during a 90-day consideration period.

In every part of the world, tobacco is extremely vulnerable to nontariff barriers. U.S. tobacco faces a number of these barriers in foreign markets, and the possibility that some relief may be forthcoming provides a measure of hope for the U.S. tobacco industry.

Some of the more commonly used nontariff barriers in world tobacco trade are licensing requirements, restricted product lists, exchange controls, prior deposits, mixing regulations, monopolies and state trading companies, and quota restrictions. The countries mentioned below are illustrative examples, and do not reflect the complete list of countries imposing nontariff barriers. Many of the countries named are not members of the GATT.

Import licenses. Possibly the most frequently employed nontariff barrier is the requirement for import licenses. In many cases, the issuance of import licenses is a mere formality, and in these cases there is little or no adverse effect upon trade. In other situations, however, the license may be employed effectively to alter trade patterns and/or to reduce trade volume.

Mexico is an example of a country that uses the import license as a method of restricting the entry of foreign leaf. The issuance of import licenses has been drastically limited in recent years as domestic tobacco production has increased. U.S. exports to Mexico consequently have dropped from average annual shipments of more than 5 million pounds in 1960-64 to only 3,000 pounds in calendar 1973.

Restricted product list. Another nontariff barrier, often used in conjunction with the import license, is the restricted or prohibited import list. Import licenses are not issued for items that appear on these lists, and hence the items are not imported. Iran, for example, currently prohibits tobacco imports. And Ghana, Peru, Mexico, and Burma are some of the other countries that prohibit or restrict imports of tobacco products—a practice much more common than restricting leaf imports.

Exchange controls. Foreign exchange controls can be used to influence trade. This barrier is used extensively by countries that find it necessary or desirable to ration foreign exchange. The two forms of this barrier that most directly affect tobacco are the exchange permit and variable exchange rates.

The exchange permit works much like the import license, in that a permit must be issued by the importing country before the trading partners can convert currencies.

Argentine tobacco imports, for example, are restricted by rigid exchange controls. Total post-World War II imports averaged about 4 million pounds annually, but 1972 imports were but a little over 500,000 pounds. The U.S. market share of tobacco imports has dropped from an average 13 percent during 1950-54 to less than 1 percent in 1970, 1971, and 1972. The imports have been replaced by domestic leaf.

The use of artificially set rates of exchange also can discourage trade. Chile, for example, maintains different exchange rates for different classes of imported products. The exchange rate currently applicable to leaf tobacco is 25 Chilean escudos per U.S. dollar, but tobacco products are subject to a prohibitive rate of 350 escudos per dollar.

Prior deposits. Such deposits are sometimes required by developing countries as a means of generating foreign exchange as well as for protecting domestic tobacco production. The government of the importing country will require the importer to deposit a percentage of the value of the goods to be imported before an import license or exchange permit is issued. The length of time between deposit and actual landing of the goods varies, and may be as much as 180 days or longer. The deposit ranges from 10 to 20 percent up to amounts actually greater than the value of the goods. Paraguay and El Salvador currently have 100 percent prior-deposit requirements on tobacco.

Mixing regulations. Another device used to protect domestic tobacco growers by effectively restricting imports is the mixing regulation. Importing manufacturers are required to give priority to domestic tobacco in their blends.

Australia currently maintains a statutory percentage mixing requirement. The 50 percent requirement now in effect was promulgated in 1966 after a rapid growth from the initial 3 percent requirement set in 1947. The law was strengthened in 1962 when the Government approved a policy requiring manu-

facturers to hold stocks of Australian tobacco sufficient to meet the mixing requirement for 1 year. The stocks requirement has increased steadily, and currently is approaching 20 months.

Portugal and New Zealand also maintain mixing requirements of 20 and 30 percent, respectively. The Philippines Government employs a modification of the system. Manufacturers there are required to purchase 4 kilos of domestic leaf in order to obtain an import license for 1 kilo.

Tobacco monopolies. State-controlled trading and tobacco monopolies are potentially restrictive to tobacco trade. The central control of tobacco import decisions makes discrimination among suppliers easy to achieve. France's SEITA (Service d'Exploitation Industrielle des Tabacs et des Allumettes) is illustrative of a government monopoly that dominates an entire tobacco industry from farm (through grower contracts) to retail (through licensed outlets).

Although the European Community Council requires that SEITA and the Italian monopoly abandon by 1976 their exclusive claim to import and wholesale rights for tobacco products, the two monopolies will continue to be sole importers of raw leaf. Also, they will continue to be sole manufacturers of tobacco products, and will retain the rights to license retail outlets.

Some other countries where tobacco monopolies exist, with varying degrees of control over the industry, are Iran, Japan, Austria, and Korea.

GOVERNMENT tobacco monopolies and state trading companies also can restrict tobacco trade in other countries. In these situations, tobacco can be forced to compete with other imports for foreign exchange.

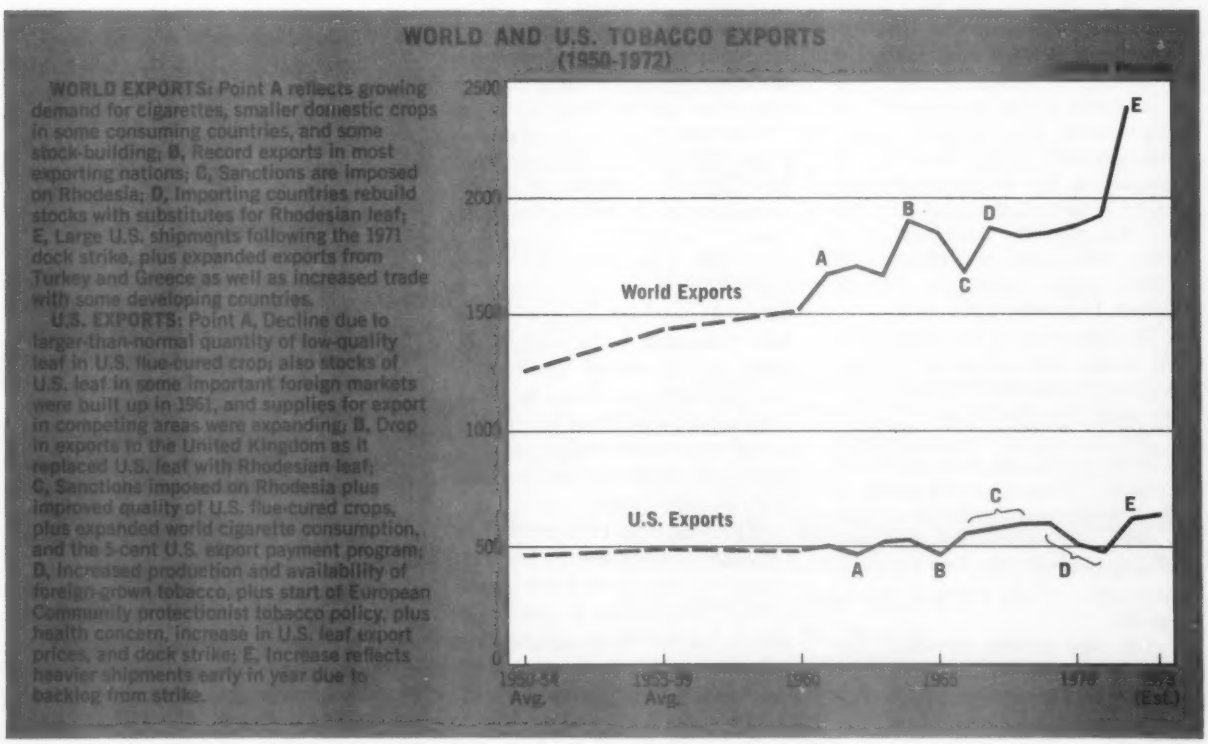
Spain is an example of a country that uses state trading. The Spanish system is used primarily to protect domestic producers.

Trade agreements. Bilateral trade agreements similarly can restrict foreign markets for U.S. tobacco. South Africa currently exercises quota agreements under which 2 million pounds of Rhodesian leaf—mostly flue-cured—and 500,000 pounds of Malawi leaf—mostly burley—enter duty free. South Africa's bilateral agreements with Rhodesia date back to the 1930's. The duty-free status has been an intermittent clause, but Rhodesia has been a continuing source of leaf tobacco in times of shortage in South Africa. U.S. leaf tobacco shipments to South Africa have dropped from an average of 656,000 pounds per year during 1947-51 to zero in 1972. Rhodesian leaf has enjoyed duty-free status during much of this period.

Quotas. Import quotas are a direct and very effective method of limiting imports of a specific commodity or shipments from a specific country or area. Import licenses generally are used in conjunction with the quota system, and are issued only for quantities up to the quota limit. Peru, for example, limits imports by a quota approximately equal to 30 percent of total tobacco consumption in any 1 year.

Quotas also can be used to alter the world competition structure and to discriminate among suppliers. The European Community, for example, recently adopted a regulation establishing a preferential tariff quota on unmanufactured tobacco. The regulation provides that during 1974, flue-cured tobacco valued at up to 30 million units of account, may be imported from eligible developing countries at a 50 percent reduction in the applicable tariff. The quota is allocated among EC members.

Domestic policies. The implementation of domestic tobacco policies can


WORLD AND U.S. TOBACCO EXPORTS
(1950-1972)
WORLD EXPORTS: Point A reflects growing demand for cigarettes, smaller domestic crops in some consuming countries, and some stock-building; B, Record exports in most exporting nations; C, Sanctions are imposed on Rhodesia; D, Importing countries rebuild stocks with substitutes for Rhodesian leaf; E, Large U.S. shipments following the 1971 dock strike, plus expanded exports from Turkey and Greece as well as increased trade with some developing countries.
U.S. EXPORTS: Point A, Decline due to larger-than-normal quantity of low-quality leaf in U.S. flue-cured crop; also stocks of U.S. leaf in some important foreign markets were built up in 1961, and supplies for export in competing areas were expanding; B, Drop in exports to the United Kingdom as it replaced U.S. leaf with Rhodesian leaf; C, Sanctions imposed on Rhodesia plus improved quality of U.S. flue-cured crops, plus expanded world cigarette consumption, and the 5-cent U.S. export payment program; D, Increased production and availability of foreign-grown tobacco, plus start of European Community protectionist tobacco policy, plus health concern, increase in U.S. leaf export prices, and dock strike; E, Increase reflects heavier shipments early in year due to backlog from strike.
2500
2000
1500
1000
500
0
World Exports
U.S. Exports
A
B
C
D
E
1950-54 Avg.
1955-59 Avg.
1960
1965
1970
1972 (Est.)

impose barriers to trade that are as restrictive as any of the traditional nontariff barriers. The motivation for these internal policies most often is protection—or even promotion—of the domestic tobacco industry.

The EC Common Agricultural Policy (CAP) is representative of an internal policy that restricts U.S. tobacco imports. Two elements of the CAP that can be considered examples of nontariff barriers are the buyer's premium system and export subsidies.

The buyer's premium basically is a payment made to purchasers of EC-grown leaf tobacco equal to the difference between the high EC target price and the price of comparable imported tobacco. This premium varies with the type of tobacco, and can be as high as 73 percent of the target price.

The export subsidy gives certain types of EC tobacco exports a price advantage in third-country markets, and thus creates a barrier for U.S. leaf exports to these countries.

Domestic marketing quotas also can be manipulated to restrict trade. Australia, for example, makes the renewal of manufacturers' import certificates contingent upon the purchase of all the marketing quota tobacco. Supplemental quotas are issued during the growing season to aline actual production with the marketing quotas. This practice renders marketing quotas almost meaningless as restraints on domestic sales. Manufacturers are forced to buy domestic tobacco and hence to restrict their imports.

Sanitary standards. In recent years, chemicals have become an accepted and increasingly important factor in agricultural production. Tobacco producers utilize chemicals primarily to control insects and suckers, and thereby to improve quality and to reduce labor costs. As chemical usage has increased, so has the concern over potential danger of unexpected or undesirable effects upon human beings. In response, some countries have imposed pesticide standards on their tobacco imports. The imposition of reasonable standards is understandable, and to do less would be negligent. Such standards only restrict tobacco from countries where producers misuse chemicals.

The threat of unreasonable standards, however, is a potential nontariff barrier of substantial significance to countries where chemicals are used—even those in which usage is limited. The problem of chemical residues presents a challenge to producing nations to be prudent in the use of pesticides and sucker-control chemicals, and a challenge to importing nations to justify the imposition of chemical standards.

It is difficult to estimate quantitatively the restrictive and sometimes harmful effects that nontariff barriers have on world tobacco trade, but it is evident that the impact on the volume of trade involved may be more substantial than is generally recognized.

The rising export prices of U.S. tobacco are often cited as the reason for the declining U.S. world market share, but it must be pointed out that general price levels and export prices of much of the competitive leaf tobacco also are increasing at a similar or even higher rate.

Tariffs and nontariff barriers, in addition to other unfavorable economic factors such as relatively high prices, are hastening the deterioration of the competitive position of U.S. leaf in the world market.

The coming GATT negotiations could be highly important to the U.S. tobacco trade if nontariff barriers affecting tobacco can be reduced or eliminated. The U.S. industry however, must do its part by continuing to generate a high-quality product, free of chemical contaminants. It also must use every technological innovation available to hold prices in line and make the United States strongly competitive with alternative leaf suppliers.

BREZHNEV REVEALS 1976-80 FARM PLANS

The first few facts about 1976-80 Soviet agricultural plans were brought out by General Secretary of the Communist Party Leonid Brezhnev in a March 15 speech noting the 20th anniversary of the start of development of the New Lands in the eastern part of the USSR. Basically —continuing an emphasis begun in 1965—investment is to be stepped up in use of fertilizer and other chemicals, mechanization, and land improvement to boost crop yields and livestock production.

One new project will involve land improvement work, probably largely drainage and liming, on millions of hectares in the non-block-soil zone in the north-central part of the country. This program, which will run to 1990, will involve investment of 35 billion rubles during the 1976-80 period. (1 Ruble=US$1.33.)

Drainage work also is planned for the Kuban River floodlands—eventually to include 200,000 hectares—for more rice production.

The building of a railroad between Lake Baikal and the Amur River will promote economic development in East Siberia and the Far East. The amount of agricultural land in this development is likely to be small since most of this region is mountainous.

The only specific livestock plan mentioned was the increase of sheep number in Kazakhstan from 32 million to 50 million head.

Mineral fertilizer use is scheduled to rise to 120 million tons annually by 1980, compared with the 58 million tons applied in 1973 and the planned 75 million tons for 1975. New machines for agriculture will include a 300-horsepower tractor to be built by the Kirov factory in Leningrad.

Interfarm complexes for livestock production and other purposes are to be encouraged much more, but it was not made clear as to whether or not the State and collective farms involved will retain their individual status. Such joint concentration and specialization of production has received increasing publicity in recent months.

Recently a few reports have indicated that these joint ventures, financed by the farms involved and by State loans, may be developed to replace the traditional structure of State and collective farms. However, other information shows that participating farms have retained their individual identities and will continue to do so in the future.

New forms of management for agriculture also reportedly are being considered, but it was left vague as to what changes may be made. The present structure of management was said to have become overly complicated and to be impairing efficiency.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Indian Grain Crop Estimate Cut

The Indian Government has announced a further reduction of the estimate for its 1973-74 total foodgrain harvest to be between 105-106 million metric tons. This is down from earlier Government estimates of 115 million and 110 million tons.

The reduction has been attributed to a number of problems. Among these are contract defaults in shipment of fertilizer by Eastern Europe and Japan, resulting in an estimated fertilizer shortage of 900,000 metric tons, and a potential loss of more than 1 million metric tons of wheat in the Punjab, India's major wheat-producing area, due to a lack of diesel oil to operate tubewells for irrigation. Also cited are the appearance, also in the Punjab, of yellow rust and the lack of winter rains.

The new production estimate is only 6 percent above the 1972-73 level of 95 million metric tons, which resulted from a serious drought.

Australians Agree on Wheat Scheme Board Makeup, And Loan Policy

The Australian Government and wheat growers have reached agreement on a new 5-year wheat stabilization scheme, to take effect with the 1974-75 crop, soon to be planted.

Under the new scheme, the stabilization fund—which finances minimum delivery prices on annually set quotas—will operate under a Government loan rather than under grant funds, as previously. The loan will be limited to A$30 million annually, with a cumulative limit of A$80 million during the 5-year scheme. At the end of the scheme the Government will write off the deficit under the loan up to the A$80-million limit. The minimum price is now US$1.79 a bushel, well under current selling prices, and there should be no deficit in the current price situation.

At the same time, it was agreed that the Wheat Board will be constituted mainly of wheat industry representatives rather than principally public representatives as the Government had proposed.

It was also agreed that the Government would pay any overage in interest charges on high-risk loans on credit export sales upon which the Government insists but that the Wheat Board would not otherwise make.

These decisions all have to be approved by the States.

European Grain Crop Outlook Favorable

Latest field reports from Europe indicate significant increases in grain area for the 1974 crop. If weather conditions continue normal, the total grain crop should be nearly 4 million tons larger than that of 1973. Since total grain usage in the European Community normally does not increase by over 3 or 4 million tons per year, the current crop prospect should hold Western Europe's net imports of grain in 1974-75 at about the same level as for 1973-74.

Currently expected grain-area increases would put the 1974 level at about 2 percent above last year's and equal to previous peak levels of 1968 and 1972.

The largest area and production increases should occur in wheat, where plantings are up nearly 3 percent. Assuming normal yields, production would be about 2.3 million tons above 1973 levels.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 26	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 1 CWRS-13.5	6.79	0	3.12
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.72	− 9	2.69
15 percent	(1)	(1)	2.71
U.S. No. 2 Hard Winter:			
12 percent	5.78	−14	2.70
No. 3 Hard Amber Durum	7.57	−60	2.86
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.63	− 6	1.96
Argentine Plate corn	3.91	−10	2.19
U.S. No. 2 sorghum	3.48	− 5	2.08
Argentine-Granifero sorghum	3.40	− 8	2.05
U.S. No. 3 Feed barley	3.16	− 1	1.68
Soybeans:			
U.S. No. 2 Yellow	7.25	+ 4	6.80
EC import levies:			
Wheat[3]	[4] 0	0	1.67
Corn[5]	[4] 0	0	1.27
Sorghum[5]	[4] 0	0	1.15

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark, and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 18 cents a bushel lower than those of other EC countries.

NOTE: Price basis 30 to 60-day delivery.

FRUIT, NUTS, AND VEGETABLES

Bad Weather Cuts Spain's Almond Crop 26 Percent

Due to weather-damaged crops in certain of Spain's major producing areas, its 1973 almond production is now estimated at about 41,000 short tons (kernal basis), a 26 percent reduction from a season ago.

Preliminary data for the first 3 months of the 1973-74 season (September 1-November 30, 1973) show almond exports at about 8,800 tons, down 29 percent from the same period in the 1972-73 crop year. The decline in exports results from this year's smaller crop, high prices, and large U.S. almond stocks held by European speculators. Total exports of almonds for the 1973-74 season are forecast at about 27,000 tons, down 26 percent from a year earlier.

Induced by high almond prices and competition from filberts and other nuts, consumption of almonds in Spain is on the decline. Consumption is forecast at 13,000 tons this season, compared with 18,000 tons in 1972-73, or a 27 percent decrease. Prices, on the other hand, are holding steady. Carryover stocks from the 1972-73 year amounted to about 6,000 short tons, which is considered normal. However, the effect of reduced production, consumption, and exports, coupled with high almond prices, could build stocks slightly during the 1973-74 marketing year. Therefore, assuming the current situation prevails throughout the year, stocks are forecast at 7,000 tons.

Beginning in the 1973 season, the Spanish Government has introduced a comprehensive subsidy system for tree nuts. The program is aimed at encouraging selective nut production (mainly almonds). Under this program, the Directorate General for farm production will subsidize 40 percent of the cost of new plantings. Additionally, the National Institute for Land Reform and Agricultural Development will grant loans and subsidies amounting to 80 percent of the total cost of individual projects for the establishment of new orchards. Although it is not currently known what response from growers the Spanish Government is receiving in the program, it is possible that the long-run effect will be to exert a downward pressure on export prices of Spanish tree nuts, particularly almonds.

Spanish Filbert Production And Exports Drop in 1973-74

Spanish filbert production and exports have dropped off in the face of a strong increase in domestic consumption. The Government is seeking to boost exports, however, and has begun a filbert subsidization program.

Current estimates place 1973-74 production at about 18,000 short tons (inshell basis), down 23 percent from both the August 1973 forecast and the 1972 crop. Drought in principal producing areas accounts for the decline in production. However, quality is reportedly excellent.

For September 1-November 30, 1973, the first 3 months of this marketing year, filbert exports are estimated at about 7,000 tons (inshell basis), down 48 percent from the same period last season. The decline resulted mainly from increasing Turkish competition and the drought-reduced Spanish crop. Exports of filberts for the 1973-74 marketing year are forecast at about 9,000 short tons, a reduction of 31 percent from 1972-73. Western Europe remains the major outlet for Spanish filbert exports.

Traditionally, Spain does not import any filberts but trade sources indicate that in late September through mid-November 1973, about 300 tons were imported from Turkey at prices below Spanish quotations. Since that time, however, under pressure from Spanish filbert growers, the Spanish Government has rejected all filbert import license applications.

Demand for filberts remains strong. Consumption reached a record of about 8,000 tons in the 1972-73 marketing year, up 56 percent from the year before. For 1973-74, consumption is expected to increase even more and currently is estimated at about 9,000 tons. Ending stocks for 1973-74 are now forecast at 1,000 tons, the same as a year earlier. Prices on the other hand, are currently about 9 percent above those of August 1973 and are remaining steady. This upward pressure on prices was caused mainly by strong demand for filberts (triggered by falling consumption of almonds), the drought-stricken filbert crop, and high almond prices.

In early 1972, the Spanish Government initiated a filbert subsidization program aimed at encouraging production of filberts for export. Under the program the Government agrees to pay a subsidy to the exporter on exports of filberts not to exceed a certain established limit. The exporter pays the grower the amount of the subsidy over and above the minimum Government-set domestic price for filberts.

The Government has agreed to continue the program for the 1973-74 season. The established export limit for this year is set at about 7,000 short tons (inshell basis). The amount of the subsidy has been established at 14 U.S. cents per pound.

COTTON

Nicaragua Sets Terms For Cotton Contracts

The Government of Nicaragua issued a decree on March 7 dictating the terms of settlement for the long debated issue of futures contracts between cotton producers and buyers of Nicaraguan cotton. The decree provides that cotton producers are to deliver without delay a total equal to 70 percent of their futures contracts at the contract price and that buyers receiving the 70-percent delivery are to consider the contracts fulfilled. Purchasers must buy the remaining 30 percent at international market prices. No cotton may be exported which contravenes the decree.

The decree exempts from these provisions all cotton sold for more than 50 cents a pound or covered by previous agreements between buyers and sellers. According to the decree, the Government intervened at the request of representatives of Nicaraguan cotton cooperatives.

Nicaragua is well advanced in harvesting what is expected to be the largest cotton crop in its history—estimated at around 600,000 bales. Most of the cotton is for export and is usually shipped before the rainy season, which begins in May, so as to avoid damage.

Brazil Sets Preliminary Cotton Export Quota

Communication No. 471, issued March 7, 1974, by the Foreign Trade Division of the Bank of Brazil (CACEX), set a preliminary export quota for the 1973-74 south Brazilian cotton crop of about 370,000 bales (480 lb. net). This first allotment, from what trade sources expect eventually will be a total export quota of approximately 690,000 bales, follows several inconclusive meetings between CACEX officials and representatives of the cotton and textile industries. They were trying to resolve the problem of unfulfilled contracts on old-crop cotton as well as the issuance of a new quota for the 1973-74 southern crop (harvested between March and June).

Concern over spiraling lint cotton prices and strong export

demand led CACEX to suspend export registrations of southern crop cotton in mid-August for the second time in 1973. Unofficially as of August 12, some 1,290,0 bales of the old southern crop cotton had been committed for export, of which approximately 890,000 had already been shipped. By mid-December, about 300,000 additional bales had moved into trade, just over 100,000 bales of old-crop cotton remained suspended from export, and a global export quota of 276,000 bales had been set for the current northeast crop (harvested between July and September).

Provisions of CACEX communication No. 471 officially cancels all registrations of outstanding sales of southern cotton. Moreover, the balances of quotas which were not shipped by March 7 were also cancelled.

Distribution of the initial new crop quota will be among those who exported cotton during 1973, in all likelihood on a basis proportional to individual performances. The second allocation, which the trade feels will amount to about 140,000 bales, would be at the disposal of CACEX to cover barter deals and the needs of cooperatives and new exporters. Remnants from this second stage would accrue to traditional exporters. The third allocation, comprising the remaining 180,000 bales, would be at the disposal of the new Government which took office March 15, 1974.

Under the present system, shippers apply for and are granted an export license shortly after the conclusion of the sale. Before loading, however, a "shipping permit" must be obtained, generally about one week prior to loading. Announcement No. 471 apparently nullifies these in addition to sales registrations.

The piecemeal approach to the new-crop quota not only underscores a determination to closely control domestic prices (treatment which has been similiarly accorded soybeans and oilseeds), but also accentuates what the trade feels will be a policy of the new Administration to restrain exports of industrial raw materials, in order to encourage their processing and export as manufactured goods.

SUGAR AND TROPICAL PRODUCTS

Brazil To Boost Sisal Production

Raw sisal fiber production has dropped off in some countries in recent years, and the Brazilian Government is attempting to capitalize on current high world prices by increasing production. It is making credit available to farmers for 2 to 4 years at 7 percent interest. It is hoped this will encourage farmers to bring back into production abandoned plantations and to start new plantings.

The reasons behind Brazil's action are numerous. Last year, because of large grain crops in some countries, the need for agricultural twines became critical. However, natural fibers were in short supply because many producers had cut output in view of low prices they received, as result of competition from artificial fibers. Now Government planners believe there are not sufficient artificial fiber stocks to fill the needs arising from another bumper grain crop in 1974.

A recent Brazilian newspaper article sets Brazil's 1974 sisal crop at about 24,000 metric tons above the 1973 level of 260,000 tons.

DAIRY AND POULTRY

EC Broiler Prices Sag; Producers Defer Deliveries

A downturn in demand has reduced broiler prices in European Community (EC) markets. In the second week of March, a top quotation for frozen ready-to-cook Dutch birds was equivalent to 51 U.S. cents per pound, after steady weekly declines from 56.3 cents a month earlier. The corresponding price was almost 70 cents in late September 1973.

Quotations for less desired weights and grades were lower, with sales at less than cost allegedly a common practice.

The market decline, which occurred despite rising feed and fuel costs, has prompted some owners to store poultry for deferred delivery, with buyers reportedly willing to make commitments for acceptances deferred as late as the end of June. This is because both buyers and sellers expect costs to continue rising, and they feel that volume of production in coming months will reflect the reported decision of a number of broiler producers to quit raising broilers.

GENERAL

Secretary Butz To Visit Six Asian Countries

Secretary of Agriculture Earl L. Butz will leave the United States April 2 for 3 weeks of trade and agricultural discussions in Asian countries that buy one-fourth of U.S. agricultural exports.

The Secretary's trip will take him to Japan, Korea, Thailand, Hong Kong, the Philippines, and the Republic of China (Taiwan). He will be accompanied by Allan Grant of Berkley, Calif., Vice President of the American Farm Bureau Federation, who will serve as Special Adviser to the Secretary. Also accompanying will be David L. Hume, Administrator of Foreign Agricultural Service, USDA.

"In the past year, Asia has become the largest and most dynamic export market for American agriculture—larger than all of Europe," Secretary Butz said.

"With U.S. farmers expanding their plantings again this year in response to domestic and world needs, it is more important than ever that we look toward long-term expansion in Far East demand, and work to serve that market and keep trade channels open," he said.

U.S. agricultural exports to Asia will exceed $8.5 billion this fiscal year, compared with $4.6 billion last year.

Correction: Acreage estimates given in the table and caption of "World's Cotton Output Could Move to New High in 1974-75," March 18, 1974, page 5, should have been identified as 1,000's of acres.

Other Foreign Agriculture Publications

- World Mohair Production and Trade (FW-1-74)
- World Wheat Production a Record in 1973; Rye Crop Equals 1972 (FG-2-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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CANADIAN WHEAT BOARD SETS 1974-75 PRICES

The Canadian Wheat Board recently announced the level of initial payments for basic grades of grain for the next crop year beginning August 1, 1974, and requested all Prairie grain producers to step up grain deliveries to elevators.

The new prices per bushel, in Canadian currency, are: No. 1 Canada Western Red Spring wheat, $2.25; No. 2 Canada Western Six-row barley, $1.65; and No. 2 Canada Western oats, $1.10. All prices are basis in-store Thunder Bay or Vancouver.

Exact levels of initial payments for the various other grades of each grain will be set upon recommendation of the Wheat Board, based on the relative value of one grain grade to another.

The initial payments for wheat and oats in 1974-75 are the same as those originally paid in 1973-74, but the figure for barley will be 15 cents higher.

Otto Lang, Minister Responsible for the Wheat Board, who made the announcement regarding the prices, said that next year's price levels reflect the general need to maintain adequate production of wheat and oats (with some increase in wheat outturn), and the need to increase significantly production of barley in order to meet both export and domestic selling opportunities.

All CWB permit-book holders have received a booklet outlining the 1974-75 initial prices, as well as acreage requirements and quota prospects for the three basic Wheat Board grains.

Acreage for wheat in 1974-75 was set at 28 million (up from 24 million in 1973-74), and barley, oats, and rapeseed acreage at about 13 million, 6.5 million, and 4.5 million, respectively.

The request for larger deliveries was in the form of a letter signed by D. H. Treleaven, Assistant Chief Commissioner of the Wheat Board. It said that deliveries of about 200 million bushels of all grains were needed by the end of April for sales that had already been made. On an average, this would amount to weekly deliveries of 16.6 million bushels, compared with weekly average deliveries of around 6.6 million bushels from mid-December 1973 to late January 1974.

"The low level of (early-season) deliveries is undoubtedly due to heavy snowfall and cold weather this winter," Mr. Treleaven wrote. "However, we have reached the stage in the crop year where it is important to start building up supplies for the period of heavy export demand in the spring."

The letter continued that the strong export demand for grain should make it possible for farmers to deliver all of their available grain by the end of the crop year. "But this depends on how much grain is delivered this winter.

"If a lot of farmers wait until after seeding to deliver their grain," the letter said, "it may not be possible to keep enough elevator space open to take all the grain in."

Mr. Treleaven said that delivery quotas would be increased as rapidly as possible to enable farmers who have immediate access to their grain bins to make additional deliveries. The immediate need, he said, was for increased deliveries of wheat, Durum, and oats.

The Wheat Board subsequently announced it would accept total quota deliveries of at least 555 million bushels of wheat (including 55 million bushels of Durum), 265 million bushels of barley, and 50 million bushels of oats.

World Sunflower Trade

Continued from page 9

Sunflowerseed and sunflower meal exports are small, accounting for only 6 to 7 percent of total protein meal exports. During 1960-72 sunflower meal trade grew only about 9,000 tons a year, while soybean and meal exports shot up 99,000 tons annually. Because the major sunflowerseed producers are protein meal-deficit countries, they consume most of the sunflower meal domestically. In recent years, however, expanded U.S. production has given rise to substantial sunflowerseed exports—most of which move to West Europe and Japan.

Sunflower meal, when properly dehulled and processed by the solvent method, has nearly as much total digestible protein as soybean meal. Although relatively high in methionine, vitamin B-12, calcium, and phosphorus, sunflower meal is relatively low in lysine, and therefore, not as beneficial in poultry and swine rations.

Originating in the Western Hemisphere the sunflower plant can still be found growing wild in the United States from Nebraska southward. Sunflowers can be grown in basically the same areas as corn. They resist drought better than corn, but are more susceptible to disease and pests than alternate crops.

The sunflower plant was not cultivated in Europe until the 16th century, and has only recently begun to be produced commercially. Commercial production has developed to the greatest extent in the USSR, Romania, Bulgaria, and Yugoslavia. Argentina has been producing sunflower commercially since 1935. In recent years the USSR has done much research into the development of higher oil-yielding varieties and into those having a shorter growing season.

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